

ECONOMIC SURVEY

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Executive Summary

Consumer confidence in the Utah economy continued to strengthen in June 2021. Expected growth is 5% for spending and 2% for income. This suggests relatively less expected savings, which is a signal of higher expectations of economic growth. Income expectations are steady compared to April, while spending expectations are slightly lower.

Expected spending on special events, household durables, electronics, and e-commerce are higher in June, relative to April, continuing a robust increase in spending in these categories. Regarding inflation, Utahns expect prices to be more than 5% higher for food, housing, cars, utilities, and entertainment. The highest price increase is in housing with expectations of 13%. In June, we provide a spotlight on unemployment insurance, finding that 3% of individuals are unemployed and looking for a job (consistent with state unemployment numbers). However, we also find a sizable number of people searching for better employment opportunities, despite having a job or being self-employed (8%). Most individuals know that the unemployment insurance boost is about to expire but are less accurate about the expiration of the pandemic unemployment assistance, thinking it expires much later than it does.

HOUSEHOLD BUDGET EXPECTATIONS

Expected change in spending has increased dramatically from January 2021, from negative to a peak of 8% in April, as seen in **Figure 1**. Expected spending growth in June is still high at 6%, but slightly lower in June than in April. Expected income growth has also risen from 1% to 2% from January to June. Higher spending growth relative to income growth suggests relatively smaller savings and is a sign of further expected economic growth.

In **Figures 2, 3, and 4**, we report spending, income, and savings expectations for the next three months relative to this time in 2019 (pre-pandemic). Spending growth is expected to be highest for the average American, followed by the average Utahn and then their friends. Expected increases in income are positive for an average American and Utahn, one's friends, and oneself. Relative to April, income expectations are higher for everyone, except the



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Figure 1: Household Budget Expectations

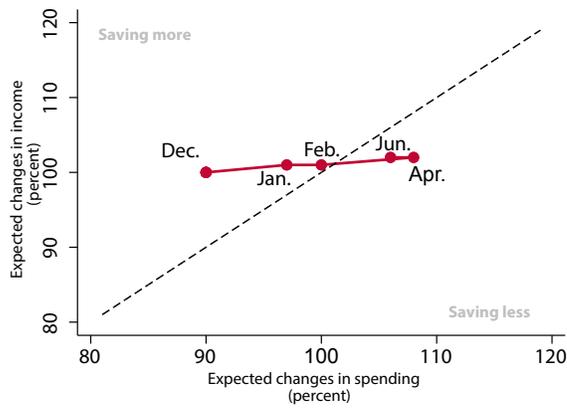
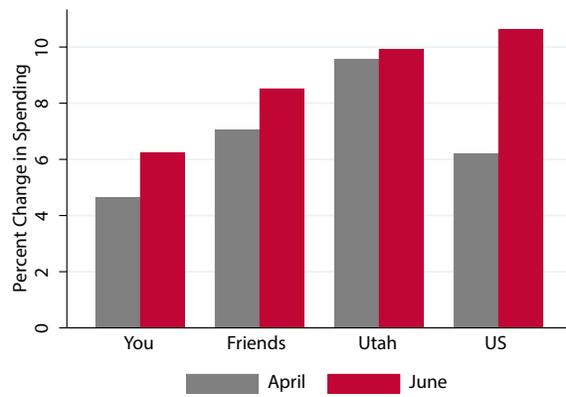


Figure 2: Spending Expectations



respondents themselves. Savings are expected to decrease for the average American and Utahn, and respondent’s friends, but are expected stay steady for households themselves.

growth have also increased for these categories in June relative to April. These figures suggest a persistent change in consumption toward more food at home and e-commerce.

HOUSEHOLD EXPENDITURE DETAILS

We asked households how much they spent in 2019 in different spending categories and their expected spending in these categories for 2021. We report expected spending in 2021 (relative to spending in 2019) for some of these categories in **Figures 5 and 6**. The blue line at 100 indicates the same amount of spending as in 2019, and a value of 110 would indicate 10% more spending than in 2019.

Figure 5 shows consumption increases in food away from home, apparel, transport out of state, accommodation out of state, entertainment, household durables, and special events. Expected spending increased relative to April in all of these categories except accommodation out of state. Household durables and special events saw large increases in expected spending in June relative to April.

In **Figure 6**, we report spending categories that are relatively stable compared to 2019. Food at home, electronics, and e-commerce continue to be areas where consumers expect to spend more in 2021 than in 2019. Consumer expectations for

SPOTLIGHT: INFLATION

One feature of a growing economy is the potential for inflation. To understand individuals’ experiences with rising prices, we asked them how much they thought prices would increase for food, housing, cars, utilities, and entertainment.

Figure 3: Income Expectations

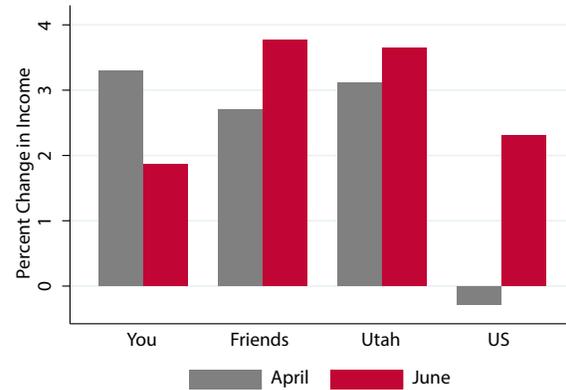
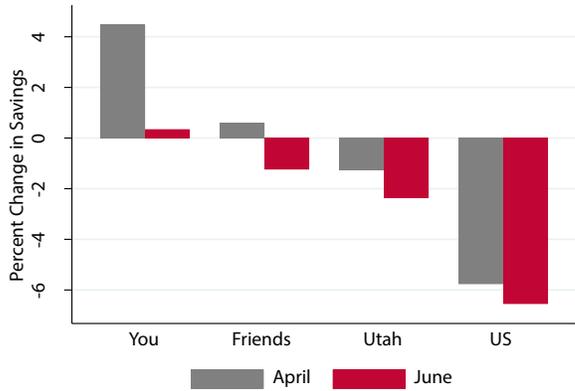


Figure 4: Saving Expectations



In all of these categories, individuals expect prices to raise by more than 5% and they expect housing costs to rise more than 13%, as shown in **Figure 7**.

SPOTLIGHT: UNEMPLOYMENT INSURANCE

Due to the announced expiration of pandemic-related unemployment insurance (UI) programs on June 26, 2021, we included questions to evaluate the likely impact of the withdrawal of these programs on Utah households. To evaluate the overall state of the Utah labor market, we asked respondents whether they are full-time employed, self-employed, or not employed, and whether they are looking for a new job.

Figure 8 shows that, consistent with official state unemployment numbers, we find that 3% of respondents are unemployed and looking for a new job. A comparably high percentage of 6% of respondents are full-time employed, but still looking for a new job. Finally, 2% of respondents were contract or gig-workers who are searching for full-time job as well and could therefore be potentially regarded as “underemployed”.

We also asked respondents to tell us when they expect the boost to UI benefits for employees as well as the “Pandemic Unemployment Assistance” (PUA) program for self-employed business owners to expire. **Figure 9** shows that respondents are relatively well informed about the expiration of additional UI payments, with the median response expecting the boost to UI payments to expire 5 days later than the official date of June 26. In contrast, respondents are not very well informed about the expiration of the PUA program, expecting it to expire more than 7 weeks later than it actually does.

To evaluate the impact of the expiration of additional UI payments, we asked respondents whether this expiration will influence the time and effort they devote to job search or their financial planning. Over 90% of respondents state that the expiration of UI benefits will have no impact on their effort devoted to job search or their savings behavior.

Figure 5: Consumption Growth

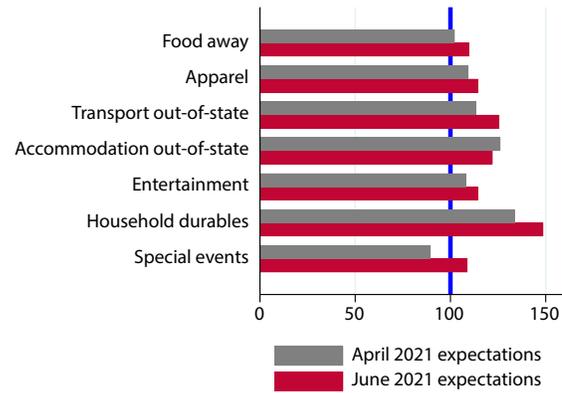


Figure 6: Stable Consumption

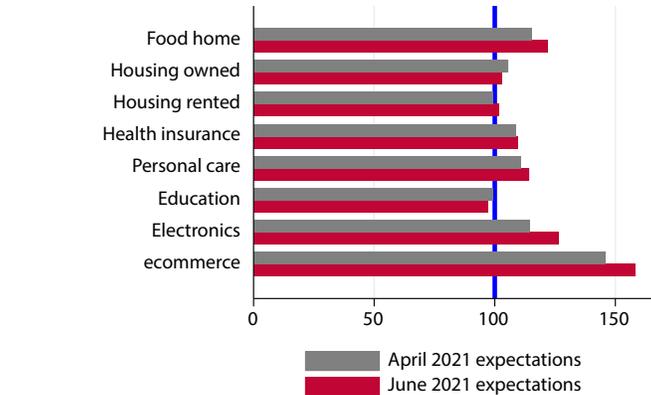


Figure 7: Inflation Expectations

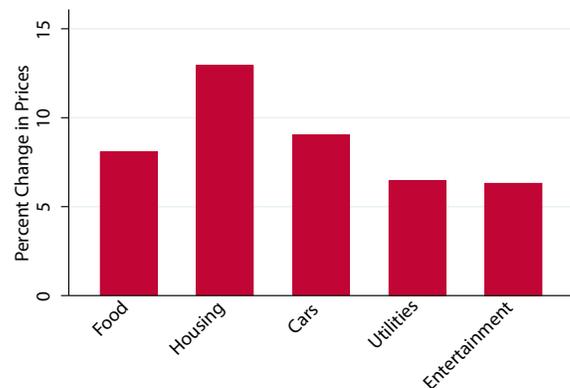


Figure 8: Employment and Job Hunt Status

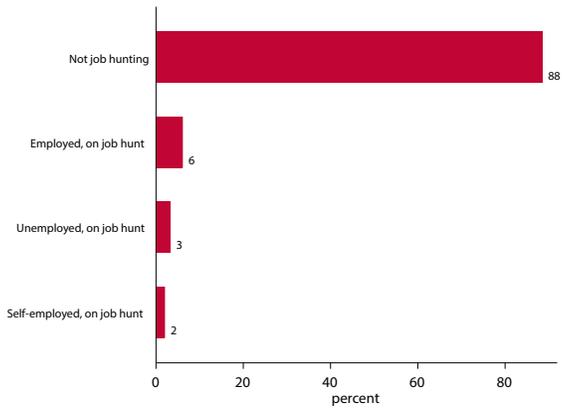


Figure 9: UI Expiration Awareness

